Socialization Concepts of Non-socialist Economists in Austria: Karl Pribram, Gustav Stolper, Joseph Schumpeter

Günther Chaloupek

1 Socialization as Central Idea for a Post-war Economic Order

Towards the end of World War I the conviction that a fundamental change of the social and economic order would be a necessary consequence of more than four years of war propagated among political circles.[1] During the war, the working class had made the majority of soldiers in the field, and the civil population had severely suffered from impoverished living conditions at home. The production system of the domestic economy had been transformed into a centralist organization geared towards the needs of warfare. Among the traditional social elites who had controlled the political system before the war there was a growing awareness that a return to the political and social status quo ante was unrealistic.

When the war eventually came to an end, a revolutionary mood had taken hold of a growing part of soldiers returning from the front to join the work force. The working class demanded fundamental changes of the political, economic and social order. Above that, the example of the Russian revolution and its possible spread to Germany and Austria had contributed to a growing willingness on the part of the ruling classes to make concessions to the working class and to seriously consider the demands of its political organizations, the Social democratic party and the trade unions.

[1] An impressive document of this change of minds is Rathenau (1917).

G. Chaloupek (✉)
Austrian Chamber of Labour (Retired), Vienna, Austria
e-mail: guenther@chaloupek.eu; guenther.chaloupek@aon.at

J. Backhaus et al. (eds.), *The First Socialization Debate (1918) and Early Efforts Towards Socialization*, The European Heritage in Economics and the Social Sciences 23, https://doi.org/10.1007/978-3-030-15024-2_8

When the Social democratic parties of Germany and of the newly founded Austrian state[2] came to power at the end of 1918, and for brief periods dominated parliaments and governments of these countries, the idea of "socialization" was the central concept of the economic policy debate. In contrast to the Bolsheviks in Russia, German and Austrian Social democrats were determined to maintain the system of parliamentary democracy and the rule of the law. Hence, changes in the economic and social order would have to be enacted and implemented on the basis of decisions of the parliament.

In a wider sense, socialization meant that some form of control of the state or representative institutions of society (trade unions and business associations, consumer cooperatives, other types of cooperatives) would replace the pre-war type of the liberal market economy. For the Social democrats the transfer of ownership of part of the private enterprises was an essential element of socialization, to be brought about by orderly legal process. They thought of partial socialization, hardly of socialization of the private economy as a whole, which was at most considered as a long term goal.

In general, Social democrats in both countries were not well prepared for putting forward concrete and workable proposals for such changes,[3] due to their close orientation towards the teachings of Marx and Engels, who had displayed a strong distaste for any "utopian" attempts to devise a blueprint of the type of economy which they expected to succeed capitalism. In Austria the debate about socialization was dominated by a concept presented by Otto Bauer[4] in his pamphlet *Der Weg zum Sozialismus* (the road to socialism). As its most important part, this concept included a concrete model for the management of socialized enterprises. It indicated priorities for the transfer of ownership (big enterprises of heavy industries and mining, large forests of the state and nobility, banks). It said only little about coordination and governing institutions at the level of the economy as a whole.

In this respect, most concrete proposals how to proceed with socialization came from non-Marxist socialists or even bourgeois authors. The most prominent example of the latter is Walther Rathenau's influential pamphlet *Die neue Wirtschaft* which was published in early 1918, well before the end of the war.[5] British gild socialism also figured prominently in the socialization debates in Austria and in Germany. Although hardly compatible with Marxist economics, it was attractive for Marxist

[2]The first Austrian parliament had almost unanimously voted for unification with Germany, since in its drastically reduced size Austria was not believed to be an economically viable entity. Therefore, the provisional nature of the Austrian state (called Deutsch-Österreich) was the prevailing understanding until the peace treaties of Versailles and Saint Germain prohibited unification.

[3]For a comprehensive account of concepts for socialization in Austria (including detailed comparisons to the debate about socialization in Germany see Weissel (1976).

[4]Otto Bauer (1881–1938) returned to Austrian from captivity in Russia in 1917. He became deputy chairman if the Socialdemocratic Party in 1918. He was foreign minister of the coalition government (with the Christian-social Party) until June 1919, and chairman of the Austrian commission for socialization.

[5]Rathenau had first developed his main ideas in highly emotional literary prose style in his best-selling book *Von kommenden Dingen* (1917). For a detailed account of Rathenau's economic thinking and its roots in social philosophy see Chaloupek (2016b).

economists such as Rudolf Hilferding[6] and Otto Bauer, who adopted it as part of their socialization strategies. Parts of it were also suitable for inclusion into bourgeois socialization concepts.

From a Marxist perspective, a socialist economic system remained the final goal of the socialization process. Yet, the lack of detailed concepts, the dramatically deteriorating economic situation and increasing political instability paralyzed political action towards this goal. From a practical perspective there were two urgent fundamental problems for which the new democratically elected governments and parliaments of Germany and Austria had to find solutions: the transition from war to peace-time economy; and the increase of the economy's productivity and effectiveness in order to maintain minimum living standards and to cope with the enormous financial burden which the war and—in the case of Germany—the obligations of the peace treaties of Versailles and Saint Germain had imposed on the German and the Austrian economy.

2 Socialization Without Transfer of Private Ownership: Karl Pribram and Gustav Stolper

2.1 Karl Pribram's Vision of a Wirtschaftspolitik der Zukunft (Economic Policy for the Future)

Karl Pribram's[7] pamphlet appeared before the end of World War I, supposedly in the first half of 1918, in the series "*Zeitfragen aus dem Gebiete der Soziologie*", which had also published Schumpeter's *Krise des Steuerstaates*.

Pribram expected that "liberalistic[8] individualism, at least in Central Europe, will hardly be the relevant approach for the order of the economy in the coming peace time" (Pribram 1918, 47). He thought that in the organizational framework of the war economy some of the basic principles had been developed and tested in practice which could be applied in the time after the war. Like state socialism, administrative controls and distribution of foodstuffs and raw materials "intend to replace (individual) purchasing power as regulation mechanism by planful provision

[6] See his sympathetic introduction to Cole (1921).

[7] Karl Pribram (1877–1973) is known among economists as author of the voluminous *History of Economic Reasoning* (1983), published posthumously in 1983. Born in Prague, he studied under Carl Grünberg at the University of Vienna. After habilitation, he was appointed to extraordinary professor in 1904. Until 1921, he held positions in civil service in several ministries in Austria (monarchy and republic). As expert for social policy, he received a call from the ILO (International Labour Office, Geneva) in 1921. In 1928 he was appointed to an economic chair at the University of Frankfurt. As a Jew, he emigrated to the USA in 1933.

[8] The German word *liberalistisch* which Pribram used is uncommon in German. He used it for *liberal,* probably because he felt that the latter did not sufficiently convey that he meant *liberal* in the sense of Smithian economics.

of the urgency of needs" (Pribram 1918, 31). For that purpose, the war economy's system of controls relied on an apparatus which had been established mostly by the enterprises themselves: firms of certain branches of production had been organized in compulsory associations, which had been put in charge of apportionment of raw materials under the supervision of public authorities. What Pribram finds indicative is "that the idea of compulsory organization puts those associations of enterprises into its service which have come into existence as free organizations of the economy. The cartels were capable of providing the best groundwork for organizing the distribution of raw materials and state provision for basic needs. What self interest has created is put to the service of the state" (Pribram 1918, 20).

In view of the problems of transition from war economy to peaceful conditions, and taking into account the burden of an excessive public debt, continuing shortage of food stuffs and raw materials, and the threat of social upheavals, Pribram envisaged the rise of a new meaning of economy "which would reinforce existing tendencies towards planned control of economic life" (Pribram 1918, 46).

A comprehensive framework of associations would form the institutional basis for control of the production across industries, while at the same time private ownership of firms would be maintained. Such a framework would also be the consequence of the expected change in external economic relations which would cease to be in accordance with the liberal spirit that shaped the pre-war international economy. The struggle for survival on international markets would be no more entrusted to "the economic power of the individual competitor, who would have state power at his disposal if acting in the national interest" (Pribram 1918, 52).

In order to maintain the interest of the national economy as a whole state influence would have to extend to the organization of trade unions as well, "which no more develop outside the sphere of state activity. And yet, there would not be unrestricted state power. The (state's) effort for control and regulation of the economy will be built on the participation of associations whose decisions would have to be the resultant of the particular interests of all participants" (Pribram 1918, 56).

2.2 Gustav Stolper

A similar structure of industrial associations was envisaged by Gustav Stolper[9] as a basis for an economy in which the state would exert a higher degree of control compared to the pre-war economy. In his book *Das mitteleuropäische Wirtschaftsproblem* (The econonomic problem of Central Europe, second edition published in November 1917) he had argued that a return to the "old economy (pre-war economy) and to the old relationship between state economy and individual economy" was out

[9]Gustav Stolper (1888–1947) joined the editorial staff of the influential Viennese weekly periodical *Der österreichische Volkswirt* in 1911. He advanced to co-editor in chief (together with Walther Federn) in 1914. Stolper also published several books during his period of editor in chief of the *Volkswirt*. In 1925 Stolper founded the *Deutsche Volkswirt* and moved to Berlin. As a Jew, he left Germany after the Nazi takeover in 1933 and moved to the USA.

of question, given the increased power and self assertion of popular masses (Stolper 1917, 83f). Unlike Pribram's brochure, Stolper's book *Deutsch-Österreich als Sozial- und Wirtschaftsproblem* (German-Austria as a social and economic problem) dealt with the new situation with which the German speaking part of Austria, which had been the heart of a major European power, was confronted. The book is a collection of articles which had appeared in the weekly journal *Der österreichische Volkswirt* during the hot phase of the debate. When it was published in 1921, the debate about socialization was well behind its peak of 1919/20.

Stolper argued that it had been a "tragic error of socialism … to fight against institutions like private ownership which were deeply rooted in society's patterns of thinking, instead of transforming them. The road to socialism does not lead to the abolition of private ownership, but to the transformation of production and distribution by organs of society" (Stolper 1921, 311). Private ownership should be maintained, the command economy should be dismantled after the war. But the free market economy would inevitably fail in two respects: "It will not be capable of establishing balance between imports and exports. Likewise, an equitable distribution of the insufficient production of goods will be impossible." Moreover, Stolper doubted that reconstruction of the economy on the basis of the existing system would be possible "in order to ensure humanely conditions of living for the popular masses" (Stolper 1921, 272). Hence, economic policy in the newly founded Austrian republic faced two principal tasks: to regulate external trade, and to ensure an adequate supply of consumption goods for the masses of population. Stolper calls for "courage for new forms of organization of social life … to be built upon active support of existing social powers, not against them" (Stolper 1921, 276). This presupposes to set up a comprehensive structure of organizations, with an "economic parliament" at the top of the system of associations of producers in all industrial branches.

As supreme goal of economic policy Stolper calls for the greatest possible increase of productivity and production, by which both the fulfilment of just social demands and a consolidation of the state budget could be accomplished. In the "future social state" (*der soziale Staat der Zukunft*) the "increased wealth of society will no more accrue to a privileged social class", just like this state "will no more withdraw from the control of the production process." Stolper thinks that a debate, like the one going on in Germany whether this amounts to a "planned economy" (*Planwirtschaft*), was unnecessary. In any case, Stolper rejects the opinion that "a planned economy can be created." "Only lack of both historical sense and respect for the infinite variety of life can produce the belief that the modern economy, which is the most complicated manifestation of the social being, can be forced into a predesigned course; that will and knowledge of a single or a carefully composed 'council' can ever substitute for the will and knowledge of all those millions who have to struggle for life under their own responsibility" (Stolper 1921, 308f).

2.3 Origins and Parallels

Both Pribram's and Stolper's concepts for a future economic order bear similarities to Walther Rathenau's influential pamphlet *Die neue Wirtschaft*. The concept proposed therein is a combination of the German cartel organization and British guild socialism. In one of his central propositions Rathenau followed the ideas of pre-war German state socialism[10]: that it is the task of the state to take charge of the organization of production as well as of income distribution. In their economic substance, Rathenau's proposals aimed at a maximum increase of productivity through a comprehensive program of rationalization, which would be implemented through the organizational structure of the war economy which would continue in modified form after the war. A common collective will, formed and executed by the state, to which the decisions of all individual actors had to be subordinated, should penetrate economy and society. With respect to the problem of coordination of decisions among productive units, Rathenau relied on a concept provided by British guild socialism. Rathenau proposed the formation of associations of production establishments for all branches of the industrial sector of the economy (*Berufsverbände*). These associations would serve as agencies through which production and investment would be organized within a comprehensive overall national plan.

In comparison, neither Pribram nor Stolper developed their ideas in such detailed and comprehensive form. If, in various aspects, they would not go as far as Rathenau, their proposals pointed in the same direction. They also concurred with Rathenau whose ultimate aim was not a socialist economy with the state or workers' ownership of enterprises, but rather to preserve private ownership within a "Mixed Economy", in which the state was entrusted with setting principal goals for income distribution and allocation of resources between branches of production and broad categories consumption and investment, with overall coordination and control of economic institutions. Also, like Rathenau, Pribram and Stolper were convinced that private ownership of the means of production would have to be maintained in the interest of personal freedom and also as the driving force of economic dynamics. It stands out to the modern reader that Pribram's and Stolper's style of writing is not soaked with pathos as Rathenau's with his enthusiastic glorification of the state.

Pribram's booklet appeared before the dissolution of the Habsburg monarchy. Therefore, it is not concerned with the massive problems with which the newly founded residual Austrian state was confronted in consequence of the protectionist policies of the other succession states. The discussion of the related problems occupies a major part in Stolper's book.

[10] As represented by Adolph Wagner and, before Wagner, by Carl Rodbertus—Chaloupek (2016a).

3 Schumpeter's Position on Socialization

3.1 In Theory

Joseph Schumpeter's contributions to the debate about socialization refer to what he saw as the errors of the organized capitalism-type of concepts, and more fundamentally, to the questions of private ownership and central coordination of production. Against the socialists—Marxist and non-Marxist—he emphasized, that the true meaning of socialism consisted in "the idea of a *conscious* economic plan for the economy as a whole, whereas it does not mean the substitution of anarchic chaos through profit seeking by planful cooperation"; nor is it correct that "in the socialist commonwealth the economy serves the needs of society as a whole, whereas in the competitive market economy it serves private interests. If the stimulus of individual profit seeking is the driving force of competition, it is the social result of all profit incentives that market competition serves the interests of the whole population, just as does production in the socialist state" (Schumpeter 1921, 460).

He was convinced that the difficult situation of then capitalist economy caused by the war could be coped with by conventional methods within the existing economic order, which he did not consider outdated. Hence, Schumpeter vehemently opposed Rudolf Goldscheid's view of "the end of the tax state." Whereas Goldscheid argued socialization was inevitable because tax revenues would no more suffice to service the huge public debt accumulated during the war (Goldscheid 1917/1976), Schumpeter (1918/1976) thought that the problem could be solved by inflation and conventional financial methods.

Moreover, Schumpeter rejected the argument that reconstruction and transition to a peace economy necessitated a new economic order. "If, in our time, socialism would be necessary and feasible, this would not be because of the collapse, but despite it. With respect to economic realities, these events put popular demands at a greater distance to concrete possibilities of socialization. If, at the same time, political chances for socialization increase, this is a temporary phenomenon, but, above all, a deep tragedy" (Schumpeter 1920/1921, 500f).

Schumpeter also strongly opposed the view that central control was necessary for rationalization of production. He called the examples which Rathenau had used to demonstrate the wastefulness of competition as "typical lay stereotypes." If inexpedient methods are used in the competitive economy, they are "either remnants of the past or consequences of state interventions." Seemingly unproductive expenditures for promotion of sales and advertising serve a useful purpose, they even lower costs (Schumpeter 1920/1921, 456f). In contrast to Stolper, Schumpeter pleads forcefully against regulation of foreign trade and capital movements. As he had emphasized in many public lectures during his time as minister of finance,[11] Vienna had to recuperate its pre-war position as central place of international trade and finance. Austria

[11] Reports on Schumpeter's public lectures in Viennese daily newspapers are reprinted in Schumpeter (1992).

had "to adopt a position of unrestricted external and internal free trade." This would suffice that the harassments undertaken by the succession states "are washed away" (Schumpeter 1920/1921, 506).

Towards socialization and socialism, Schumpeter's carefully formulated general position was as follows.[12]

> We want to speak of true socialization, i.e. in the sense of a change of an economy which rests on private property and private initiative into a socialist economy, i.e., an economy in which the central organ has power over all means of production, works out and executes a social economic plan including the distribution of the final consumers' goods to the individual citizens. The word socialization could in this sense signify either a slow historic process or a conscious political action directed towards this aim. But such a political action can be successful only if a historic automatic process which is inherent in things themselves has already started, when the social development steers by itself to socialism. We owe this insight primarily to Karl Marx. It distinguishes scientific from utopian socialism, i.e., that socialism which recognizes what it wishes to see as a necessary development and hence possible, from the other socialism which expresses nothing but human yearning for paradise. (Schumpeter 1920/1921, 458f)

With regard to the specific situation in Austria and in the German Reich Schumpeter stated that any socialization would be "untimely" (*vorzeitig*).[13] In itself, this does not imply that socialization should not be undertaken, but it would have a price in delayed economic reconstruction. In Germany, where industry and banking were already heavily concentrated "intensive organizational efforts have been made in past decades (formation of cartels, G.Ch.) that can be effectively used as preparation for socialism." Above that, "habituation to organized action, and especially to organized obeying (*organisiertes Gehorchen*) and a more deeply rooted devoutness to the state provide for more promising conditions (Schumpeter 1920/1921, 501f).

In Austria, matters are less favourable, mostly due to the essential function of Vienna, "which calls for a purely capitalistic policy which was *communis opinio* in the era naive of liberal capitalism." However, the situation at the time of the collapse of the Habsburg monarchy was different. "In those days, one had to reckon that an orderly and lawful socialization would be inevitable, and the lesser evil under the given circumstances. In particular, a combination of limited (i.e. partial, G.Ch.) socialization measure and free market economy for all non-socialized establishments would have been possible. In general, socialization and free economy are not opposed to each other as much as petty bourgeois and intellectuals tend to believe" (Schumpeter 1920/1921, 506f).

---

[12] For a comprehensive account of Schumpeter's position on socialism, including his later works, especially *Capitalism, Socialism and Democracy* (1942) see Stolper (1994, Chap. 9). The translation of the following paragraph from Schumpeter (1920/21) is taken from Wolfgang Stolper's book (126). All other translations from Schumpeter's essay are my own.

[13] As opposed to what he termed "premature" (*verfrühte*) socialization (p. 473), obviously the case of Bolshevist Russia.

3.2 As Protagonist in the Political Sphere

That Schumpeter had strong aspirations to move into politics from his chair at the University of Graz becomes evident from his political memoranda addressed to governmental circles in which he tried to offer his advice on various political and economic questions during the war.[14] The hour for Schumpeter the politician stroke in January 1919, when he was appointed to the German Socialization Commission. He withdrew from the commission on 15th March 1919, upon his appointment to minister of finance of the second government of the newly established Republic of Austria (more precisely: *Deutsch-Österreich*), from which he resigned in October of the same year.

The first report of the German commission of 15th February which was decided on with the consent of Schumpeter is a political document full of theoretical considerations.[15] On the issue of socialization of the German coal industry, the report discards mere "nationalization", which would simply result in the creation of a bureaucratic state enterprise, and also the syndicalistic solution of transferring power to the works councils of the mines. Instead, it recommends the creation of "an organization in which the initiatives of the managers and the work moral of the workers have the widest possible play" (Stolper 1994, 208). But the report does not include a concrete outline of an organizational structure of the new type of enterprise.

The Austrian Parliament passed a law on "preparation of socialization" in March 1919, through which a socialization commission was established. The commission was chaired by Otto Bauer, then foreign minister, who had proposed a socialist concept in his pamphlet *Der Weg zum Sozialismus*. With his model for the management of socialized enterprises Bauer had preceded the model proposed by the German commission which actually had taken basic ideas from Bauer. The Austrian socialization commission produced several draft laws concerned with the procedural and institutional aspects of socialization, of which only the *Betriebsrätegesetz* (works council act) gained real importance in practice (until today).

At that time, Schumpeter stood behind the idea of socialization, as he made clear in one of his public speeches: "We will have to intervene deeply into the private economy, to the point, where nobody stands left of us. But for the part of the economy which is not socialized we have to guarantee full freedom of action. There are two possibilities for reconstruction: free enterprise or socialism. I must warn that oscillation between the two principles is untenable" (Schumpeter 1992, 96). This seems to imply that Schumpeter would have endorsed partial socialization measures in the phase when unrest among the working class was at its peak (until the end of July 1919, see Sect. 4). He thought that through socialization, if carried out in the appropriate form as described in the above-mentioned report of the German commission, could be successful by channelling and transforming the revolutionary fervour of workers into a collective working moral of the workforce of the socialized

[14] Three memoranda with adressees unknown survived only by chance and were published in Schumpeter (1985).

[15] The following is based on Stolper (1994, 202ff).

enterprise. When the revolutionary mood evaporated towards the end of the year, the essential condition for an effective socialization vanished. This is reflected in the sceptical position which characterizes Schumpeter's position in the 1920/21 article.

As finance minister, Schumpeter was sharply attacked by Bauer and other Social democrats for having sabotaged the socialization of the Alpine Montan AG, Austria's largest iron and steel company, which they had envisaged as candidate for socialization. As it appears from various testimonies, Schumpeter had knowledge of the sale of a major part of the shares to an Italian consortium, which he had neither initiated, nor could have prevented by bureaucratic means. Recent assessments of Schumpeter's role in this matter (März 1983, 153; Stolper 1994, 268ff), which was the final cause of his withdrawal on 19th October 1919, have concluded that accusations of betrayal are unfair and unjustified.

4 The End of the Socialization Movement

The idea of socialization enjoyed strong support from the popular masses of the urban working class immediately after the end of the war, when the workers in the armament industries faced the threat of losing their jobs, and when masses of soldiers flooded back from the front and joined the workforce, causing a sharp increase in unemployment. In addition, there was political pressure from outside. For a few months, Austria found itself between two political revolutions: the communist soviet republic in Hungary between March and July 1919, and the short-lived *Räterepublik* in Bavaria in April/May. The Austrian Social democrats resisted the pressure from the revolutionary forces of the neighbouring countries to join in their revolutionary adventures.

In an article published in 1921, based on the author's experience as head of the legislative department of the ministry of social affairs, Karl Pribram analyzed the development during the critical months. He showed how a wave of social policy measures, such as the introduction of a state financed unemployment insurance and the reduction of working hours, the establishment of works councils and chambers of labour, and a variety of other measures succeeded in ensuring at least a minimum living standard for the unemployed, in reducing unemployment and adjusting money wages to running inflation. The measures were also designed to strengthen the position of trade unions both as a political power and at the plant level. As anti-revolutionary force, the Social democratic party, in close cooperation with the trade union movement, undertook the relevant initiatives in government and in parliament, where the non-socialist parties (Christian social party, German national party) together had the majority of votes. But under the impact of strong pressure from the streets, and out of fear that revolution might spread to Austria, they were willing to make substantial concessions. As Pribram notes, the overwhelming part of the social policy laws were enacted during the period from the end of the war until July 1919, with ensuing consolidation phase until 1920 (Pribram 1920/1921, 616f).

As delegate of his ministry Pribram participated in the deliberations of socialization commission. In the article he does not abstain from expressing his satisfaction that the works council act had helped to soothe revolutionary sentiments at the plant level, while other legal provisions for implementation of specific socialization measures remained ineffective. In an article of 1917/18 Pribram had expressed his disdain for collective "German nationalism", while his sympathies belonged to "British individualism." Hence, the overall prospect of his 1918 pamphlet must have been hard to accept for him: that there would be no return to the individualistic liberalism of the pre-war political culture in Austria. Obviously, he felt relieved that the socialization debate had not resulted in a framework of state control over the private economy which he had considered inevitable in 1918.

Even, he seems to have suppressed memory of the little brochure *Wirtschaftspolitik der Zukunft*, because it was not included in the list of "works by Karl Pribram" in the appendix of his posthumous *History of Economic Reasoning* (1983, p. 737f). In a similar way, Gustav Stolper may have felt some unease about his intellectual concessions to socialism in the articles in the *Österreichischer Volkswirt* of which his book of 1921 was composed, and which appeared when the socialization debate was expiring. In the biography written by his widow Toni Stolper the best-seller among Gustav Stolper's books does not show up in the list of his publications (Stolper 1960, 488).

In this respect, Schumpeter was different. Schumpeter's position towards socialism is ambivalent, it may even be seen as contradictory in itself, but he never regretted his positive attitude towards socialization after World War I. Large parts of his most famous book *Capitalism, Socialism and Democracy* can be read as elaboration of the major theses of his 1920/21 article.

The debate about economic planning that emerged during the Great Depression (Chaloupek 1987, 420f) is a partial revival of the socialization debate of the years 1918f. Before that, Hilferding (1972) had proposed a concept of Mixed Economy, which provided for control of the economy by the state or tripartite institutions of society, with the supply side as starting point. Eventually, this turned out to be a blind alley. It was only through Keynes' *General Theory of Employment, Interest and Money* that the concept of Mixed Economy obtained a solid foundation, with demand management as central idea.

In Austria, as well as in Germany, hardly any concrete measures of socialization were effectively carried out after World War I. Rather, it was a by-product which turned out to be the lasting effect of the socialization movement: the social policy laws which were enacted within few years after the war to satisfy the existential needs of the working population. This legislation which helped to neutralize radical political demands established important foundations of the welfare state of the 20th century.

References

Bauer O (1919) Der Weg zum Sozialismus. Verlag der Wiener Volksbuchhandlung, Vienna
Chaloupek G (1987) Die schwere Geburt der *mixed economy*. In Fink G/Pöll G/Riese M (eds.), Economic Theory, Political Power and Social Justice. Festschrift für Kazimierz Laski. Springer Verlag, Vienna New York, pp 407–425
Chaloupek G (2016a) Non-Marxist socialist ideas in Germany and Austria. In Faccarello G/ Kurz H D (eds.) Handbook on the History of Economic Analysis. Cheltenham, Vol. II, pp 223–233
Chaloupek G. (2016b) Neue Wirtschaft "und" Von kommenden Dingen - Walther Rathenau als Ökonom und Sozialphilosoph. In Trautwein H-M (ed.), Studien zur Entwicklung der ökonomischen Theorie XXX. Duncker & Humblot, Berlin, pp 177–208
Cole G D H (1921) Selbstverwaltung in der Industrie, with an introduction of Rudolf Hilferding, Berlin
Goldscheid R (1917) Staatssozialismus oder Staatskapitalismus, in: Hickel R (1976), pp 40–252
Hickel R (ed.) (1976), Rudolf Goldscheid/Joseph Schumpeter, Die Finanzkrise des Steuerstaats. edition Suhrkamp, Frankfurt a.M.
Hilferding R (1972) Organisierter Kapitalismus. Referat und Diskussion (1927), Rotdruck
März E (1983) Joseph Alois Schumpeter – Forscher, Lehrer und Politiker. Verlag für Geschichte und Politik, Vienna
Pribram K (1917/1918) Die Weltanschauungen der Völker und ihre Politik. In Archiv für Sozialwissenschaft und Sozialpolitik 44.1
Pribram K (1918) Die Grundgedanken der Wirtschaftspolitik der Zukunft. Leuschner und Lubenski, Graz und Leipzig
Pribram K (1920/1921) Die Sozialpolitik im neuen Österreich. In Archiv für Sozialwissenschaft und Sozialpolitik 48
Pribram K (1983) A History of Economic Reasoning. Johns Hopkins University Press, Baltimore and London
Rathenau W (1917) Von kommenden Dingen. S. Fischer, Berlin
Rathenau W (1918) Die neue Wirtschaft. S. Fischer, Berlin
Schumpeter, J A (1918/1976) Die Krise des Steuerstaates. In: Hickel (1976), pp 329–379. Leuschner und Lubenski, Graz und Leipzig
Schumpeter J A (1920/1921) Sozialistische Möglichkeiten von Heute. In Archiv für Sozialwissenschaften und Sozialpolitik 48, pp 505–560
Schumpeter J A (1942) Capitalism, Socialism and Democracy. Harper & Row Publishers, New York
Schumpeter J A (1985) Aufsätze zur Wirtschaftspolitik, ed. C. Seidl/W.F. Stolper. J.C.B Mohr, Tübingen
Schumpeter J A (1992) Politische Reden, ed. C. Seidl/W.F. Stolper, J.C.B Mohr, Tübingen
Stolper G (1917) Das mitteleuropäische Wirtschaftsproblem. Franz Deuticke, Wien und Leipzig
Stolper G (1921) Deutsch-Österreich als Sozial- und Wirtschaftsproblem. Drei Masken, München
Stolper T (1960) Ein Leben in den Brennpunkten unserer Zeit. Gustav Stolper 1888–1947. Rainer Wunderlich Verlag Hermann Leins, Tübingen
Stolper, W F (1994) Joseph Alois Schumpeter The Public Life of a Private Man. Princeton University Press, Princeton, N.J.
Weissel, E (1976) Die Ohnmacht des Sieges, Europaverlag, Wien